

**STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
45 Fremont Street, 21st Floor
San Francisco, California 94105**

November 6, 2000

RH-386

TEXT OF PROPOSED REGULATIONS (THIS ENTIRE SUBCHAPTER IS NEW):

**Title 10 Chapter 5 Subchapter 4.10 Rates for Credit Property Insurance and
Credit Unemployment Insurance**

Article 1. Scope.

Section 2670.1. Authority.

This Subchapter is promulgated pursuant to the authority granted to the Insurance Commissioner under the provisions of Sections 779.21, 779.36, 12921, and 12926 of the California Insurance Code, *Credit Insurance General Agents Association v. Payne*, 16 Cal.3d 651 (1976), and *20th Century v. Garamendi*, 8 Cal.4th 216 (1994).

NOTE: Authority cited: Sections 779.21, 779.36, 12921, and 12926 of the California Insurance Code, *Credit Insurance General Agents Association v. Payne*, 16 Cal.3d 651 (1976), and *20th Century v. Garamendi*, 8 Cal.4th 216 (1994). Reference: Sections 779.36, 1861.01, and 1861.05 of the California Insurance Code.

Section 2670.2. Purpose.

The purpose of this Subchapter is to implement the provisions of Insurance Code Section 779.36 which apply to credit property insurance, joint credit property insurance, credit unemployment insurance and joint credit unemployment insurance.

NOTE: Authority cited: Sections 779.21, 779.36, 12921, and 12926 of the California Insurance Code, *Credit Insurance General Agents Association v. Payne*, 16 Cal.3d 651 (1976), and *20th Century v. Garamendi*, 8 Cal.4th 216 (1994). Reference: Section 779.36 of the California Insurance Code.

Section 2670.3. Applicability.

This Subchapter applies to all credit property insurance, joint credit property insurance, credit unemployment insurance, and joint credit unemployment insurance on risks or on operations in this state.

NOTE: Authority cited: Sections 779.21, 779.36, 12921, and 12926 of the California Insurance Code, *Credit Insurance General Agents Association v. Payne*, 16 Cal.3d 651 (1976), and *20th Century v. Garamendi*, 8 Cal.4th 216 (1994). Reference: Sections 779.36, 1851, 1861.01, 1861.05, and 1861.13 of the California Insurance Code.

Article 2. Definitions.

Section 2670.4. Definitions Applicable to this Subchapter.

(a) "Credit property insurance" means insurance that provides coverage (generally coverage to repair or replace) on personal property pledged or offered as collateral for securing a personal or consumer loan, or personal property purchased under an installment sales agreement or through a credit transaction. Credit property insurance provides coverage for loss or damage to personal property caused by the perils set forth in the credit property insurance policy. Credit property insurance does not include creditor-placed insurance which is "force-placed" by a lender or creditor in the event the borrower or debtor fails to maintain insurance as required under his or her agreement with the lender or creditor. Credit property insurance does not include insurance which covers physical damage to an automobile or other motor vehicle, watercraft, or aircraft as a part of or in conjunction with a liability insurance policy.

(b) "Joint credit property insurance" means credit property insurance which insures two persons who are jointly liable to a lender or creditor. For purposes of these regulations, references to "credit property insurance" shall encompass both credit property insurance and joint credit property insurance.

(c) "Credit unemployment insurance" is insurance which provides coverage for periodic payments or payment of an outstanding balance on a specific loan or other credit transaction while the debtor is involuntarily unemployed, as defined in the policy.

(d) "Joint credit unemployment insurance" means credit unemployment insurance which insures two persons who are jointly liable to a lender or creditor. For purposes of these regulations, references to "credit unemployment insurance" shall encompass both credit unemployment insurance and joint credit unemployment insurance.

(e) "Closed end" plan of indebtedness is defined in CCR Section 2248.31(c).

(f) "Earned premium" means gross premium earned, including policy and membership fees, less return premium and premium on policies not taken.

(g) "Experience group" means the experience under a program of insurance of one creditor or more than one creditor. For purposes of defining and using the term "experience group," the following are separate programs of insurance: property; unemployment; open end or closed end; single premium or monthly premium; elimination period for unemployment; and retroactive or nonretroactive for unemployment. The insurance programs of each creditor in a multiple creditor group must be reasonably similar and each creditor's program must contain the same type of coverages and exclusions. If an experience group has experience in more than this State, an insurer may use only the experience of the experience group in California to rate the group or, with the approval of the Commissioner, an insurer may use the multi-state experience of the experience group for this purpose if it is more credible than the California experience and is generated by the same or similar programs of insurance and is adjusted to account for differences in premium rates. Insurers using multiple-creditor groups for the purpose of determining rates shall establish written standards for the inclusion of individual creditor-groups within such multiple creditor groups.

(h) "Experience period" means the most recent period of time for which experience is reported, but not for a period longer than three full years. If an experience group develops a Credibility Factor of 1 from TABLE 1 (the "Credibility Table" in Section 2670.9) in less than three years, the experience period for that case will be the number of full years needed to attain

full credibility. Experience incurred in the period immediately preceding the effective date of this regulation may be used to the extent necessary to fill out the experience period. If a new experience group of an insurer has experience in this State with a prior insurer, the new insurer must use the most recent experience of the experience group with the prior insurer to the extent necessary to fill out an experience period. Other data or projections may be used if the Commissioner finds them to be more credible.

(i) “Incurred Claim Count”, as used in TABLE 1 (Section 2670.9), means the number of claims incurred for the experience group during the experience period. This means the total number of claims reported during the experience period, whether paid or in the process of payment plus any incurred but not reported (IBNR) at the end of the experience period less the number of claims incurred but not reported at the beginning of the experience period.

(j) “Open end” plan of indebtedness is defined in CCR Section 2248.31(l).

(k) “Prima facie rate” means the maximum rate which reasonably can be expected to provide the presumptive loss ratio referred to in Ins. Code Sec. 779.36 and which is not excessive, inadequate, unfairly discriminatory or otherwise in violation of Chapter 9 of the Insurance Code

NOTE: Authority cited: Sections 779.21, 779.36, 12921, and 12926 of the California Insurance Code, *Credit Insurance General Agents Association v. Payne*, 16 Cal.3d 651 (1976), and 20th Century v. *Garamendi*, 8 Cal.4th 216 (1994). Reference: Sections 779.36, 1861.01, and 1861.05 of the California Insurance Code.

Article 3. Regulation of Rates.

Section 2670.5. Presumptive Loss Ratios and Prima Facie Rates, Generally.

For the purpose of implementing Insurance Code Section 779.36, the presumptive loss ratio for credit property insurance coverage or for credit unemployment insurance coverage shall be 60 percent, computed by dividing incurred losses by earned premiums, using calendar year data. For the purpose of Insurance Code Section 1861.05, it shall be presumed that a rate is excessive if incurred losses cannot be reasonably expected to equal 60 percent of the earned premiums for each credit property insurance experience group or for each credit unemployment insurance experience group. These regulations contain prima facie rates based on the benchmark programs set forth in this Subchapter. An insurer may use a program which is different from a benchmark program provided the insurer shows that the proposed rate for the program is expected to produce a loss ratio of at least 60%.

NOTE: Authority cited: Sections 779.21, 779.36, 12921, and 12926 of the California Insurance Code, *Credit Insurance General Agents Association v. Payne*, 16 Cal.3d 651 (1976), and 20th Century v. *Garamendi*, 8 Cal.4th 216 (1994). Reference: Sections 779.36, 1861.01, and 1861.05 of the California Insurance Code.

Section 2670.6. Prima Facie Rates for Benchmark Programs.

The prima facie rates for the benchmark programs set forth in Sections 2670.12 through Section 2670.20 of these regulations are as follows:

(a) The prima facie rate for benchmark number one, Dual Interest Credit Property Insurance on Open End Plan of Indebtedness, Invoiced Monthly, is 7 cents per \$100.00.

(b) The prima facie rate for benchmark number two, Dual Interest Credit Property Insurance on a Closed End Plan of Indebtedness, Invoiced Monthly, is 98 cents per \$100.00.

(c) The prima facie rate for benchmark number three, Dual Interest Credit Property Insurance on a Closed End Loan Secured by Personal Property, Invoiced Monthly, is 75 cents per \$100.00.

(d) The prima facie rate for benchmark number four, Single Interest Credit Property Insurance on a Closed End Loan Secured by Personal Property, Invoiced Monthly, is 50 cents per \$100.00.

(e) The prima facie rate for benchmark number five, Single Interest Credit Property Insurance on a Closed End Loan Secured by an Automobile, Invoiced Monthly, is 70 cents per \$100.00 for a one month term, plus 10 cents per month for each additional month up to \$1.80 for a twelve month term, plus 15 cents per month for each additional month beyond 12.

(f) The prima facie rate for benchmark number six, 30-Day Retroactive Credit Unemployment Insurance on an Open End Plan of Indebtedness, Invoiced Monthly and Paying Minimum Monthly Payment, is 5 cents per \$100.00.

(g) The prima facie rate for benchmark number seven, 30-Day Non-Retroactive Credit Unemployment Insurance on an Open End Plan of Indebtedness, Invoiced Monthly and Paying Minimum Monthly Payment for Nine Months, is 4 cents per \$100.00.

(h) The prima facie rate for benchmark number eight, 30-Day Retroactive Credit Unemployment Insurance on an Installment Loan Plan of Indebtedness, Invoiced Annually, paying Monthly Payment on Installment Loan Up To Six Monthly Payments, is 50 cents per \$100.00.

(i) The prima facie rate for benchmark number nine, 30-Day Non-Retroactive Credit Unemployment Insurance on an Open End Plan of Indebtedness, Invoiced Monthly and Paying Outstanding Balance Up To Policy Limit, is 17 cents per \$100.00.

NOTE: Authority cited: Sections 779.21, 779.36, 12921, and 12926 of the California Insurance Code, *Credit Insurance General Agents Association v. Payne*, 16 Cal.3d 651 (1976), and 20th *Century v. Garamendi*, 8 Cal.4th 216 (1994). Reference: Section 779.36, 1861.01, and 1861.05 of the California Insurance Code.

Section 2670.7. Calculation of the Maximum Permitted Premium.

(a) Find the Credibility Factor (“Z”) from TABLE 1 (Section 2670.9) for the experience group. Where actual loss ratios are less than 45%, use the premium earned for the experience group during the experience period; otherwise, use the Incurred Claims Count. If either of these measures cannot be directly determined, the Commissioner may accept reasonable approximations of them.

(b) Calculate the credibility adjusted loss ratio (“CLR”) for the experience group using the following formula, where ALR is the actual loss ratio for the experience group for the experience period adjusted to the prima facie rate level for the initial annual review and adjusted to the current effective rate level for subsequent annual reviews.

$$\text{CLR} = Z (\text{ALR}) + .60(1-Z)$$

(c) Calculate the maximum permitted premium rate (“MaxPP”) using the following formulas.

For the initial review:

$$\text{MaxPP} = \text{CLR} \times \text{Prima Facie Rate} / .6$$

For subsequent reviews:

$$\text{MaxPP} = \text{CLR} \times \text{Current Approved Rate} / .6$$

Rates shall be calculated and applied separately for property and unemployment.

(d) Credibility adjusted loss ratios and maximum permitted premium rates shall be redetermined annually.

(e) For the initial review, rates for programs whose provisions differ significantly from the benchmarks shall be set so that the loss ratio shall not exceed .60, and shall be approved by the Commissioner before their use. For subsequent reviews, the maximum permitted premium rate shall be calculated as above.

NOTE: Authority cited: Sections 779.21, 779.36, 12921, and 12926 of the California Insurance Code, *Credit Insurance General Agents Association v. Payne*, 16 Cal.3d 651 (1976), and *20th Century v. Garamendi*, 8 Cal.4th 216 (1994). Reference: Sections 779.36, 1861.01, and 1861.05 of the California Insurance Code.

Section 2670.8. Rate Changes.

(a) An insurer shall submit, for the Commissioner's approval, a proposed rate decrease for an experience group subject to this Subchapter within 180 days after the end of an experience period during which the credibility adjusted loss ratio for the group was less than .60.

(b) An insurer may submit, for the Commissioner's approval, a proposed rate increase for an experience group subject to this Subchapter after the end of an experience period during which the credibility adjusted loss ratio for the group exceeded .60.

(c) The proposed rate shall not exceed the maximum permitted premium.

(d) The Commissioner shall disapprove submission of a proposed rate if it is not demonstrated to him or her that the rate has been determined in accordance with applicable statutes and regulations. The Commissioner may approve a rate higher than the maximum permitted premium rate if it is demonstrated to his or her satisfaction that the maximum permitted premium rate provides inadequate allowances for acquisition costs, including commissions and other forms of compensation, expenses, profits, loss ratios, reserves, and other reasonable actuarial considerations.

(e) An approved rate decrease shall become effective for the experience group within 90 days of the Commissioner's approval. The Commissioner may approve a later effective date if it is demonstrated to him or her that the approved rate cannot reasonably be implemented within 90 days of his or her approval.

(f) An approved rate increase may become effective at any time after the Commissioner's approval or upon the 120th day after the submission of such proposal if it has not been disapproved by that day.

(g) An insurer assuming the business of some or all of the creditors comprising an experience group shall not use rates exceeding the rates of the prior insurer, except as provided in this Subchapter.

(h) An insurer may transfer a creditor from an experience group with a rate lower than the prima facie rate to another experience group only if the transfer would not result in a higher rate for the remainder of the former group.

(i) No insurer shall transfer a creditor group it already insures to an experience group with a

rate higher than the prima facie rate. An insurer may assign a newly insured creditor group subject to a rate higher than the prima facie rate under its prior insurer into an experience group subject to a rate higher than the prima facie rate only if the assignment would not result in a higher rate for the newly-insured creditor group or the existing experience group.

(j) The Commissioner may consider proposals for rates in excess of the maximum permitted premium rates for specific creditors, creditor groups or products, if it is demonstrated to him or her that the maximum permitted premium rates provide inadequate allowances for acquisition costs, including commissions and other forms of compensation, expenses, profits, loss ratios, reserves, and other reasonable actuarial considerations, given the circumstances of the particular rate application.

NOTE: Authority cited: Sections 779.21, 779.36, 12921, and 12926 of the California Insurance Code, *Credit Insurance General Agents Association v. Payne*, 16 Cal.3d 651 (1976), and *20th Century v. Garamendi*, 8 Cal.4th 216 (1994). Reference: Sections 779.36, 1861.01, and 1861.05 of the California Insurance Code.

Section 2670.9. Table.

TABLE 1
CREDIBILITY TABLE

Earned Premium	Incurred Claim Count	Credibility Factor ("Z")
1	1	.00
62500	125	.25
90000	180	.30
122500	245	.35
160000	320	.4
202500	405	.45
250000	500	.50
302500	605	.55
360000	720	.60
422500	845	.65
490000	980	.70
562500	1125	.75
640000	1280	.80
722500	1445	.85
810000	1620	.90
902500	1805	.95
1000000	2000	1.00

The above integers represent the lower end of the bracket for each "Z" factor. The upper end is 1 less than the lower end for the next higher "Z" factor.

NOTE: Authority cited: Sections 779.21, 779.36, 12921, and 12926 of the California Insurance Code, *Credit Insurance General Agents Association v. Payne*, 16 Cal.3d 651 (1976), and 20th Century v. *Garamendi*, 8 Cal.4th 216 (1994). Reference: Sections 779.36, 1861.01, and 1861.05 of the California Insurance Code.

Section 2670.10. Certificate of Insurance; Filing Requirements.

All coverages, exclusions, and limits of liability applicable to the certificate of insurance must be set forth in the certificate of insurance issued to the certificate holder. The coverages, exclusions, and limits of liability in the master policy which pertain to the certificate of insurance issued under the master policy must conform to the coverages, exclusions, and limits of liability set forth in the certificate of insurance issued under the master policy. Every rate filing subject to this Subchapter shall include copies of the certificate of insurance and master policy used in the program for which the rate filing is made.

NOTE: Authority cited: Sections 779.21, 779.36, 12921, and 12926 of the California Insurance Code, *Credit Insurance General Agents Association v. Payne*, 16 Cal.3d 651 (1976), and 20th Century v. *Garamendi*, 8 Cal.4th 216 (1994). Reference: Sections 779.36, 1861.01, and 1861.05 of the California Insurance Code.

Section 2670.11. Cancellation of Coverage and Return Premium.

This section applies to all credit property insurance and credit unemployment insurance coverages except single interest credit property insurance coverage on closed end plans of indebtedness. In the event the certificate holder cancels coverage, any return premium shall be computed on a prorata basis if the premium is paid monthly, and by the Rule of 78's if the premium is paid annually and the coverage provided pays off the entire balance of the certificate holder's indebtedness.

NOTE: Authority cited: Sections 779.21, 779.36, 12921, and 12926 of the California Insurance Code, *Credit Insurance General Agents Association v. Payne*, 16 Cal.3d 651 (1976), and 20th Century v. *Garamendi*, 8 Cal.4th 216 (1994). Reference: Sections 481(a), 779.36, and 1861.05 of the California Insurance Code.

Article 4. Benchmark Programs for Credit Property Insurance.

Section 2670.12. Benchmark Number One: Provisions for Dual Interest Credit Property Insurance on an Open End Plan of Indebtedness.

(a) When Coverage Is In Effect.

Coverage is effective on the date the certificate of insurance holder's (the "certificate holder's") account has a balance, and continues for as long as there is an open balance in the account(s). Coverage ends on the date the certificate holder's account does not reflect an open balance, and is automatically reinstated when there is an open balance. Coverage will continue for up to 36 months from the date the item of personal property was financed. Coverage covers the insured property anywhere in the world.

(b) Coverage Provided.

The insurance covers the interest of the master policyholder and the certificate holder in personal property purchased by the certificate holder and financed under an open end plan of

indebtedness. In the event of a loss to a pair, set, or parts, the insurer will provide the following coverage: (1) For any article(s) that is a part of a pair or set: the insurer will pay a reasonable and fair proportion of the total value of the pair or set, with consideration given to the importance of such article(s). In no event will such loss mean total loss of the pair or set; (2) For any part of property which consists of several parts when complete: the insurer will be liable only for the value of the part lost or damaged.

(c) Perils Insured.

The insurance provides coverage for direct and accidental loss or damage to insured personal property by fire; smoke; lightning; windstorm; cyclone; tornado; flood; hail; earthquake; explosion; riot; riot attending a strike; civil commotion; marine perils while on ferries and/or in cars or transfers in connection with land conveyances; aircraft; vehicles; collision; vandalism and malicious mischief; and burglary (of which there must be visible evidence of forced entry).

(d) Exclusions.

Coverage will not apply to purchases made while the certificate holder is receiving benefits under the certificate.

(e) Limit of Liability.

The insurance covers the interest of the master policy holder and the certificate holder up to the maximum(s) stated in the certificate of insurance. Coverage for any one account will be limited to the maximum amount per account as stated in the certificate of insurance. If the certificate holder has more than one account, the maximum limit stated in the certificate of insurance applies, and the total insurance provided under all of a certificate holder's accounts cannot exceed this amount. The insurer's limit of liability for loss is the cost to repair or replace the property insured at the time of the loss, not to exceed the following maximum limits: (1) for the first 60 days after enrollment for the insurance: an amount up to the highest balance in the certificate holder's open ended account during that 60-day period; and (2) after the first 60 days after enrollment for the insurance: an amount up to the highest balance on which a premium has been assessed during the 36 months before the date of loss. It is the insurer's option, after giving notice of its intention to do so within 60 days after the receipt of proof of loss to: (1) take all or any part of the property at the agreed or appraised value; or (2) repair, rebuild or replace the destroyed or damaged property with other of like kind and quality within a reasonable time.

NOTE: Authority cited: Sections 779.21, 779.36, 12921, and 12926 of the California Insurance Code, *Credit Insurance General Agents Association v. Payne*, 16 Cal.3d 651 (1976), and *20th Century v. Garamendi*, 8 Cal.4th 216 (1994). Reference: Sections 779.36, 1861.01, and 1861.05 of the California Insurance Code.

Section 2670.13. Benchmark Number Two: Provisions for Dual Interest Credit Property Insurance on a Closed End Plan of Indebtedness.

(a) When Coverage Is In Effect.

Coverage is effective at 12:01 a.m. on the effective date specified in the certificate. The insurance attaches from the time the personal property is purchased or encumbered until the termination of the master policy holder's financial interest therein. Coverage applies within the United States and Canada, during transportation or otherwise, while the property is in the custody of the seller for packing or awaiting shipment or for repair or adjustment, and while in the custody of the certificate holder.

(b) Coverage Provided.

The insurance covers the interests of the master policy holder and the certificate holder in personal property which is purchased by the certificate holder, in which the master policyholder has a financial interest, and which is financed under a closed end plan of indebtedness.

(c) Perils Insured.

The insurance provides coverage for direct loss or damage to insured personal property by fire and lightning; collision (the coming together of cars during coupling not to be deemed a collision), derailment or overturning of a vehicle, collapse of bridges, while being transported by land conveyances; marine perils while on ferries and/or in cars or transfers in connection with land conveyances; burglary from within a building or room (of which there must be signs of forcible entry); and vandalism and malicious mischief.. The insurance also provides extended coverage covering earthquake, windstorm, cyclone, tornado, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, smoke, flood rising waters, tidal wave, high water or overflow, whether driven by wind or not, falling objects, collapse of building caused by weight of ice, snow, sleet or otherwise, rupture, cracking, burning or freezing of plumbing, heating or air-conditioning systems or domestic appliances, excluding domestic appliances for heating water for domestic consumption.

(d) Exclusions.

Loss or damage to goods by decay, wet or dampness, or by being marred, scratched, spotted, discolored, moldy, rusty, frosted, rotted, steamed or changed in flavor; unless the same is the direct result of a peril insured against; mechanical breakdown; against loss or damage due to short-circuiting, blowout or other electrical disturbances within the article(s) insured; loss or damage caused by the neglect of the master policyholder or certificate holder to use all reasonable means to save and preserve the property at and after any disaster insured against, or when the property is endangered by fire in neighboring premises; loss or damage caused by or resulting from: (1) hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack (a) by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or (b) by military, naval, or air forces; or (c) by an agent of any such government, power, authority or forces; (2) any weapon of war employing atomic fission or radioactive force whether in time of peace or war; (3) insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or Customs regulations, confiscation by order of any governmental or public authority, or risks of contraband or illegal transportation or trade; loss or damage under any coverage due to radioactive contamination; loss or damage to aircraft, motor vehicles, and boats and any equipment pertaining thereto.

(e) Limit of Liability.

The insurer shall not be liable for more than the amount stated in the certificate of insurance on property sold or encumbered for any one certificate holder. The insurer's limit of liability for loss or damage in the event of a partial loss is the cost to effect repair of the insured property, if the property is repairable. If the property is not repairable, the insurer will pay the cost of replacing the insured property with no deduction for depreciation. The insurer will not be liable for more than the original amount of insurance stated in the certificate of insurance. The insurer's limit of liability for a total loss shall be the original amount of insurance stated in the certificate of insurance.

NOTE: Authority cited: Sections 779.21, 779.36, 12921, and 12926 of the California Insurance Code, *Credit Insurance General Agents Association v. Payne*, 16 Cal.3d 651 (1976), and 20th Century v. *Garamendi*, 8 Cal.4th 216 (1994). Reference: Sections 779.36, 1861.01, and 1861.05 of the California Insurance Code.

Section 2670.14. Benchmark Number Three: Provisions for Dual Interest Credit Property Insurance on a Closed End Loan Secured by Personal Property.

(a) When Coverage Is In Effect.

Coverage is in effect for the term of years set forth in the certificate of insurance, from 12:01 a.m. on the effective date of coverage to 12:01 a.m. on the expiration date of coverage.

(b) Coverage Provided.

The insurance covers the interest of the master policy holder and the certificate holder in personal property pledged as security for a closed end loan made by the master policy holder to the certificate holder, which property is specifically described in the security agreement.

(c) Perils Insured.

The insurance provides coverage for loss or damage caused by fire and lighting; and collision or overturn while being transported by land. Extended coverage covers loss or damage due to: windstorm, cyclone, tornado, hail, or explosion; riot, riot attending a strike and civil commotion; aircraft or private passenger type vehicles; smoke; flood; collapse of building; rupture, cracking, burning or freezing of plumbing, heating or air conditioning systems and domestic appliances except for water heaters; and robbery or burglary with evidence of forced entry.

(d) Exclusions.

Loss or damage due to: frost, cold weather, ice, snow or sleet; motor vehicles, land conveyances, farm equipment, aircraft or boats unless this coverage is provided; deterioration unless it results from insured perils; mechanical or electrical breakdown; the certificate holder's neglect of the property during and after any covered loss to the extent of the certificate holder's neglect; hostile or warlike action by any government or sovereign power, legal or actual, or their military authority or agent or by any armed forces; action taken by governmental authority in hindering, combating, or defending against such an occurrence; by nuclear reaction, nuclear radiation, or radioactive contamination; to all forms of money or instruments; or to television antennas and outside wiring.

(e) Limit of Liability.

The insurer's limit of liability for loss or damage in the event of a partial loss will be equal to the actual cash value of the insured property, not to exceed the cost to repair or replace the insured property with property of like kind or quality. The insurer's limit of liability in the event of a total loss will be equal to the lesser of the actual cash value of the insured property or the original amount of insurance. Coverage will not exceed the maximum limit of liability stated in the certificate of insurance.

NOTE: Authority cited: Sections 779.21, 779.36, 12921, and 12926 of the California Insurance Code, *Credit Insurance General Agents Association v. Payne*, 16 Cal.3d 651 (1976), and 20th Century v. *Garamendi*, 8 Cal.4th 216 (1994). Reference: Sections 779.36, 1861.01, and 1861.05 of the California Insurance Code.

Section 2670.15. Benchmark Number Four: Provisions for Single Interest Credit Property Insurance on a Closed End Loan Secured by Personal Property.

(a) When Coverage Is In Effect.

Coverage is in effect for the term of years set forth in the certificate of insurance, from 12:01 a.m. on the effective date of coverage to 12:01 a.m. on the expiration date of coverage.

(b) Coverage Provided.

The insurance covers the interest of the master policy holder in personal property pledged as security for a closed end loan made by the master policy holder to the certificate holder, which personal property is specifically described in the security agreement. This coverage is written for the term of the loan.

(c) Perils Insured.

The insurance provides coverage for loss or damage caused by fire and lightening; and collision or overturn while being transported by land.

(d) Exclusions.

Loss or damage due to: frost, cold weather, ice, snow or sleet; motor vehicles, land conveyances, farm equipment, aircraft or boats unless this coverage is provided; deterioration unless it results from insured perils; mechanical or electrical breakdown; the certificate holder's neglect of the property during and after any covered loss to the extent of the certificate holder's neglect; hostile or warlike action by any government or sovereign power, legal or actual, or their military authority or agent or by any armed forces; action taken by governmental authority in hindering, combating, or defending against such an occurrence; by nuclear reaction, nuclear radiation, or radioactive contamination; to all forms of money or instruments; or to television antennas and outside wiring.

(e) Limit of Liability.

The insurer's limit of liability for loss or damage will be the lesser of: the maximum limit of liability stated in the certificate of insurance; or actual cash value less salvage; or the unpaid balance of the debt (not more than 60 days past due) less salvage, interest, finance and any other charges as of the date of loss. The insurer will not be liable for payments more than 60 days past due. Coverage will not exceed the maximum limit of liability stated in the certificate of insurance. The insurer's liability for loss or damage will be subject to the following conditions precedent: (1) the certificate holder has defaulted in payment; (2) the insured property has been repossessed; and (3) the interest of the master policyholder (the insured creditor) has become impaired as a result of a covered loss.

NOTE: Authority cited: Sections 779.21, 779.36, 12921, and 12926 of the California Insurance Code, *Credit Insurance General Agents Association v. Payne*, 16 Cal.3d 651 (1976), and 20th Century v. *Garamendi*, 8 Cal.4th 216 (1994). Reference: Sections 779.36, 1861.01, and 1861.05 of the California Insurance Code.

Section 2670.16. Benchmark Number Five: Provisions for Single Interest Credit Property Insurance on a Closed End Loan Secured by Automobile.

(a) When Coverage Is In Effect.

Coverage is in effect for the term of years set forth in the certificate of insurance, from 12:01 a.m. on the effective date of coverage to 12:01 a.m. on the expiration date of coverage.

(b) Coverage Provided.

The insurance covers the interest of the master policy holder in an automobile pledged as security for a closed end loan made by the master policy holder to the certificate holder, which automobile is specifically described in the security agreement. This coverage is written for the term of the loan.

(c) Perils Insured.

The insurance provides coverage for loss or damage caused by fire; theft; and collision or overturn.

(d) Exclusions.

Loss or damage due to: frost, cold weather, ice, snow or sleet; motor vehicles, land conveyances, farm equipment, aircraft or boats unless this coverage is provided; deterioration unless it results from insured perils; mechanical or electrical breakdown; the certificate holder's neglect of the property during and after any covered loss to the extent of the certificate holder's neglect; hostile or warlike action by any government or sovereign power, legal or actual, or their military authority or agent or by any armed forces; action taken by governmental authority in hindering, combating, or defending against such an occurrence; by nuclear reaction, nuclear radiation, or radioactive contamination; to all forms of money or instruments; or to television antennas and outside wiring.

(e) Limit of Liability.

The insurer's limit of liability for loss or damage will be the lesser of: the maximum limit of liability stated in the certificate of insurance; or actual cash value less salvage; or the unpaid balance of the debt (not more than 60 days past due) less salvage, interest, finance and any other charges as of the date of loss. The insurer will not be liable for payments more than 60 days past due. Coverage will not exceed the maximum limit of liability stated in the certificate of insurance. The insurer's liability for loss or damage will be subject to the following conditions precedent: (1) the certificate holder has defaulted in payment; (2) the insured property has been repossessed; and (3) the interest of the master policyholder (the insured creditor) has become impaired as a result of a covered loss.

NOTE: Authority cited: Sections 779.21, 779.36, 12921, and 12926 of the California Insurance Code, *Credit Insurance General Agents Association v. Payne*, 16 Cal.3d 651 (1976), and 20th Century v. *Garamendi*, 8 Cal.4th 216 (1994). Reference: Sections 779.36, 1861.01, and 1861.05 of the California Insurance Code.

Article 5. Benchmark Provisions for Credit Unemployment Insurance.

Section 2670.17. Benchmark Number Six: Provisions for 30-Day Retroactive Credit Unemployment Insurance on an Open End Plan of Indebtedness, Invoiced Monthly and Paying Minimum Monthly Payment.

(a) When Coverage Is In Effect.

Coverage is in effect from the time the certificate holder's account has a balance and continues as long as there is an open balance in the account(s). Insurance coverage will cease when the certificate holder's account does not reflect an open balance, and will be automatically reinstated when there is an open balance.

(b) Coverage Provided.

The insurance covers the interests of the master policyholder and the certificate holder in connection with purchases under an account agreement. All benefits apply to account payments

and will be paid to the master policy holder to pay off or reduce the certificate holder's debt. The insurer will pay the minimum monthly payment on the certificate holder's account if he or she is unemployed for more than 30 consecutive days. After the 30-day waiting period benefits will be paid retroactively to the first day of unemployment and while the unemployment continues.

(c) Perils Insured.

The insurer will pay benefits for loss of the certificate holder's employment income resulting from involuntary loss of employment, or unemployment due to labor disputes, strikes, or lockouts.

(d) Exclusions.

Coverage will not apply to loss of income due to retirement. Coverage will not apply to purchases made while the certificate holder is receiving benefits under his or her certificate.

(e) Limit of Liability.

The insurance covers the interest of the master policy holder and the certificate holder up to the maximum(s) stated in the certificate of insurance. Coverage for any one account will be limited to the maximum amount per account as stated in the certificate of insurance. If the certificate holder has more than one account, the maximum limit stated in the certificate of insurance applies, and the total insurance provided under all of a certificate holder's accounts cannot exceed this amount.

(f) Eligibility.

To be eligible for loss of employment income benefits, as of the effective date of the certificate the certificate holder must be insured under the plan and gainfully employed on a full-time basis in a nonseasonal occupation. To receive loss of employment income benefits, the certificate holder must verify that he or she registered with his or her state's unemployment office or a recognized employment agency. Registration must begin within 15 days after the date of involuntary unemployment and continue for the entire period of the claim. Coverage will not be denied if the certificate holder does not qualify because his or her former employer was not required to contribute to the state unemployment fund. A certificate holder will be reeligible for unemployment benefits after the completion of payments under a loss of employment claim if he or she has been gainfully employed on a full-time basis in a nonseasonal occupation for a period of 30 consecutive days.

NOTE: Authority cited: Sections 779.21, 779.36, 12921, and 12926 of the California Insurance Code, *Credit Insurance General Agents Association v. Payne*, 16 Cal.3d 651 (1976), and *20th Century v. Garamendi*, 8 Cal.4th 216 (1994). Reference: Sections 779.36, 1861.01, and 1861.05 of the California Insurance Code.

Section 2670.18. Benchmark Number Seven: Provisions for 30-Day Non-Retroactive Credit Unemployment Insurance on an Open End Plan of Indebtedness, Invoiced Monthly and Paying Minimum Monthly Payment for Nine Months.

(a) When Coverage Is In Effect.

Coverage is in effect from the time the certificate holder's account has a balance and continues as long as there is an open balance in the account(s). Insurance coverage will cease when the certificate holder's account does not reflect an open balance, and will be automatically reinstated when there is an open balance.

(b) Coverage Provided.

The insurance covers the interests of the master policyholder and the certificate holder in connection with purchases under an account agreement. All benefits apply to account payments and will be paid to the master policyholder to pay off or reduce the certificate holder's debt. The insurer will pay the minimum monthly payment on the certificate holder's account if he or she is unemployed for more than 30 consecutive days. After the 30-day waiting period, benefits will be paid beginning on the 31st day, and while the unemployment continues, up to a maximum of nine months.

(c) Perils Insured.

The insurer will pay benefits for loss of the certificate holder's employment income resulting from involuntary loss of employment, or unemployment due to labor disputes, strikes, or lockouts.

(d) Exclusions.

Coverage will not apply to loss of income due to retirement. Coverage will not apply to purchases made while the certificate holder is receiving benefits under his or her certificate.

(e) Limit of Liability.

The insurance covers the interest of the master policy holder and the certificate holder up to the maximum(s) stated in the certificate of insurance. Coverage for any one account will be limited to the maximum amount per account as stated in the certificate of insurance. If the certificate holder has more than one account, the maximum limit stated in the certificate of insurance applies, and the total insurance provided under all of a certificate holder's accounts cannot exceed this amount.

(f) Eligibility.

To be eligible for loss of employment income benefits, as of the effective date of the certificate the certificate holder must be insured under the plan and gainfully employed on a full-time basis in a nonseasonal occupation. To receive loss of employment income benefits, the certificate holder must verify that he or she registered with his or her state's unemployment office or a recognized employment agency. Registration must begin within 15 days after the date of involuntary unemployment and continue for the entire period of the claim. Coverage will not be denied if the certificate holder does not qualify because his or her former employer was not required to contribute to the state unemployment fund. A certificate holder will be reeligible for unemployment benefits after the completion of payments under a loss of employment claim if he or she has been gainfully employed on a full-time basis in a nonseasonal occupation for a period of 30 consecutive days.

NOTE: Authority cited: Sections 779.21, 779.36, 12921, and 12926 of the California Insurance Code, *Credit Insurance General Agents Association v. Payne*, 16 Cal.3d 651 (1976), and 20th Century v. *Garamendi*, 8 Cal.4th 216 (1994). Reference: Sections 779.36, 1861.01, and 1861.05 of the California Insurance Code.

Section 2670.19. Benchmark Number Eight: Provisions for 30-Day Retroactive Credit Unemployment Insurance on an Installment Loan Plan of Indebtedness, Invoiced Annually, Paying Monthly Payment on Installment Loan Up to Six Monthly Payments.

(a) When Coverage Is In Effect.

Coverage is in effect for the term of years set forth in the certificate of insurance, from 12:01 a.m. on the effective date of coverage to 12:01 a.m. on the expiration date of coverage.

(b) Coverage Provided.

The insurer will pay loss payment benefits to the master policyholder for the benefit of the certificate holder's account on a loan agreement or sales contract between the certificate holder and the master policyholder. The loan agreement or sales contract must provide for equal monthly installment payments. The insurer will pay the certificate holder's scheduled monthly payment on the loan agreement or sales contract if the certificate holder is involuntarily unemployed for at least 30 consecutive days. After the 30-day waiting period the insurer will pay the scheduled monthly payment retroactively to the first day of unemployment and while the unemployment continues. The scheduled monthly payment on the certificate holder's indebtedness must be at least 30 days delinquent for coverage to begin.

(c) Perils Insured.

The insurer will make payments to the master policyholder when the certificate holder loses employment income as the result of involuntary employment caused by:

1. Individual or mass layoff – meaning a temporary or permanent suspension of employment of a person at the instance of his or her employer.
2. General strike – meaning a strike against all the employers in an industry or a territory. A simultaneous cessation or quitting of work by a body of workers acting in combination for the purpose of obtaining for themselves more desirable terms of employment.
3. Termination by Employer – meaning a complete severance of relationship of employer and employee by the employer.
4. Unionized Labor Dispute – meaning a trade or labor union, through the coalition of its members, has authorized a strike to obtain higher wages, shorter hours of employment, better working conditions or some other concession from an employer, by the employees stopping work at a preconcerted time, and involving a combination of persons and not a single individual.
5. Lockout – meaning an employer's discharge of his or her employees because of a labor dispute or because of his or her dislike of his or her employees' activities as a union. The temporary closing of the place of employment by the employer without formally discharging the employees; the object being to discourage union activities or to gain acceptance of his or her views or compromise which is more favorable to him or her than the demands made by his or her employees.

(d) Exclusions.

Coverage does not apply to loan agreements or sales contracts with irregular monthly payments; voluntary forfeiture of salary, wages, or employment income; resignation; retirement; or loss of income due to termination as the result of willful misconduct or criminal misconduct.

(e) Limit of Liability.

The maximum monthly benefit will not exceed the certificate holder's scheduled monthly payment. The maximum number of payment benefits will not exceed six (6) scheduled monthly payments during each covered period of involuntary unemployment, except that during the first 60 days after the effective date of the certificate of insurance, the maximum number of payment benefits will not exceed two (2) scheduled monthly payments during the covered period of involuntary unemployment. If the certificate holder remains involuntarily unemployed for a number of months equal to or greater than the maximum number of benefit payments allowed, the final payment shall be equal to the difference between the monthly benefit payment and the initial pro rated payment.

(f) Eligibility

To be eligible for loss of employment income benefits, as of the effective date of the certificate the certificate holder must be gainfully employed at least 30 hours a week and must have been so employed for at least 12 consecutive months. Employment interruption during the 12-month period by lockout, general strike, or unionized labor dispute will not eliminate a certificate holder from eligibility. Self-employed individuals or independent contractors are not eligible for coverage. To receive loss of income benefits, the certificate holder must qualify for unemployment benefits under his or her state's unemployment laws and must register for work with his or her state employment office or a recognized employment agency within 15 days after the last day employed and remain so registered during the claim period if the loss of employment occurred as the result of either layoff or employer termination; or provide the insurer with verification of loss which occurred as the result of a general strike, unionized labor dispute or lockout from sources as determined by the insurer at the time of loss. Coverage will not be denied if the certificate holder does not qualify for state unemployment benefits because his or her former employer was not required to contribute to the state unemployment fund. A certificate holder will be reeligible for unemployment benefits after the completion of payments under a loss of employment claim if he or she has been gainfully employed at least 30 hours a week for at least 30 consecutive days.

NOTE: Authority cited: Sections 779.21, 779.36, 12921, and 12926 of the California Insurance Code, *Credit Insurance General Agents Association v. Payne*, 16 Cal.3d 651 (1976), and *20th Century v. Garamendi*, 8 Cal.4th 216 (1994). Reference: Sections 779.36, 1861.01, and 1861.05 of the California Insurance Code.

Section 2670.20. Benchmark Number Nine: Provisions for 30-Day Non-Retroactive Credit Unemployment Insurance on an Open End Plan of Indebtedness, Invoiced Monthly and Paying Outstanding Balance Up to Policy Limit.

(a) When Coverage Is In Effect.

Coverage is in effect from the time the account has an open balance and continues as long as there is an open balance in the certificate holder's account(s). The insurance will cease when the certificate holder's account does not reflect an open balance, and will be automatically reinstated when there is an open balance.

(b) Coverage Provided.

The insurance covers the interests of the master policyholder and the certificate holder in connection with purchases under an account agreement. The insurer will pay benefits for loss of employment income of the certificate holder resulting from involuntary unemployment. The benefits payable will apply to account payments. The benefit provided will be the amount of the outstanding balance as of the date of loss, or the maximum amount per account indicated in the certificate, whichever is less. Benefits will be paid after expiration of the 30-day waiting period specified in the certificate.

(c) Perils Insured.

The insurer will pay a loss of employment income benefit if the certificate holder (1) has an involuntary loss of employment; or (2) is unemployed due to labor disputes; and (3) remains involuntarily unemployed for longer than the benefit waiting period of 30 days.

(d) Exclusions.

There is no coverage for loss of income due to retirement. Coverage will not apply to purchases made by the certificate holder during the claim period.

(e) Limit of Liability.

The insurance covers the interests of the master policyholder and the certificate holder up to the maximum(s) stated in the certificate. Coverage for any one account will be limited to the maximum amount per account as shown in the certificate. If the certificate holder has more than one account, the maximum limit shown in the certificate applies, and the total insurance provided under all of a certificate holder's accounts cannot exceed this amount.

(f) Eligibility

To be eligible for loss of employment income benefits, the certificate holder must be insured under the plan and gainfully employed on a full-time basis in a nonseasonal occupation at the time of loss. To receive loss of income benefits, the certificate holder must verify during the specified period of unemployment that he or she registered with his or her state unemployment office or a recognized employment agency. Registration must begin within 15 days after the date of involuntary unemployment and continue for the entire period of the claim. Coverage will not be denied if the certificate holder does not qualify for state unemployment benefits because his or her former employer was not required to contribute to the state unemployment fund.

NOTE: Authority cited: Sections 779.21, 779.36, 12921, and 12926 of the California Insurance Code, *Credit Insurance General Agents Association v. Payne*, 16 Cal.3d 651 (1976), and 20th Century v. *Garamendi*, 8 Cal.4th 216 (1994). Reference: Sections 779.36, 1861.01, and 1861.05 of the California Insurance Code.

Article 6. Reporting Requirements.

Section 2670.21. Annual Experience Reports.

(a) Each insurer subject to this Subchapter shall file an Experience Report form cover sheet and an annual report of its credit property insurance and credit unemployment insurance experience statistics with the Commissioner no later than May 1 of the year following the calendar year reported. All annual reports of experience statistics shall be filed with the California Department of Insurance, Rate Regulation Division, Rate Specialist Bureau, 300 South Spring Street, 14th Floor, Los Angeles, California 90013.

(b) Each type of insurance as defined in this Subchapter shall be reported separately on the Credit Property Insurance Experience Report and Credit Unemployment Insurance Experience Report forms prescribed by the Commissioner. These forms and the Experience Report form cover sheet are set forth in sections 2670.25, 2670.26, and 2670.27 of this Subchapter. Experience reports for insurance programs not defined in this Subchapter shall include brief descriptions of the coverages provided. The experience for each type of coverage shall be reported separately. The Commissioner reserves the right to require that the reports be filed in electronic media form. Each insurer shall maintain experience data on an annual basis for its business subject to this Subchapter for at least five (5) years. Experience statistics generated under conditions different from those assumed in this Subchapter shall be reported separately.

(c) Credit insurance experience generated by business issued before the effective date of this Subchapter shall be maintained and reported separately from experience generated under this Subchapter.

NOTE: Authority cited: Sections 779.21, 779.36, 12921, and 12926 of the California Insurance Code, *Credit Insurance General Agents Association v. Payne*, 16 Cal.3d 651 (1976), and 20th Century v. *Garamendi*, 8 Cal.4th 216 (1994). Reference: Section 779.36 of the California Insurance Code.

Section 2670.22. Reporting Forms.

The Credit Property Insurance Experience Report form, the Credit Unemployment Insurance Experience Report form, the Experience Report form cover sheet, and preformatted computer diskettes with these three forms are available to the public at the address below:

California Department of Insurance
Rate Regulation Division
Rate Specialist Bureau
300 South Spring Street, 14th Floor
Los Angeles, CA 90013.

NOTE: Authority cited: Sections 779.21, 779.36, 12921, and 12926 of the California Insurance Code, *Credit Insurance General Agents Association v. Payne*, 16 Cal.3d 651 (1976), and 20th Century v. *Garamendi*, 8 Cal.4th 216 (1994). Reference: Section 779.36 of the California Insurance Code.

Article 7. Effective Date and Severability.

Section 2670.23. Effective Date.

This Subchapter shall take effect on May 1, 2001. Every insurer subject to this Subchapter shall seek approval of its rate(s) by filing a complete rate filing with the Department of Insurance Rate Filing Bureau no later than June 1, 2001. Credit property and credit unemployment rate filings shall be reviewed under Insurance Code Sections 779.36, 1861.01(c), 1861.05, and any other applicable law. Insurers subject to this Subchapter may continue using rates approved before May 1, 2001 until new rates under this Subchapter are approved. All programs with rates which the Department has not approved pursuant to this Subchapter will be assigned a rate by the Department. The assigned rates will take effect no later than September 29, 2001.

NOTE: Authority cited: Sections 779.21, 779.36, 12921, and 12926 of the California Insurance Code, *Credit Insurance General Agents Association v. Payne*, 16 Cal.3d 651 (1976), and 20th Century v. *Garamendi*, 8 Cal.4th 216 (1994). Reference: Sections 779.36, 1861.01, and 1861.05 of the California Insurance Code.

Section 2670.24. Severability.

If any provision of this Subchapter or its application to any person or circumstance is held invalid for any reason, the rest of this Subchapter shall not be affected.

NOTE: Authority cited: Sections 779.21, 779.36, 12921, and 12926 of the California Insurance Code, *Credit Insurance General Agents Association v. Payne*, 16 Cal.3d 651 (1976), and 20th

Century v. Garamendi, 8 Cal.4th 216 (1994). Reference: Sections 779.36, 1861.01, and 1861.05 of the California Insurance Code.

Article 8. Experience Report Form Cover Sheet, Credit Property Insurance Experience Report Form and Credit Unemployment Insurance Experience Report Form.

Section 2670.25. Experience Report Form Cover Sheet.

State of California
Department of Insurance

CREDIT PROPERTY & CREDIT UNEMPLOYMENT INSURANCE
EXPERIENCE REPORT FOR THE YEAR 2000

COMPANY IDENTIFICATION

NAIC Code _____

Company Name _____

Address _____

City _____

State _____

Zip Code _____

Contact Person _____

Phone Number _____

Fax Number _____

E-Mail Address _____

NOTE: Authority cited: Sections 779.21, 779.36, 12921, and 12926 of the California Insurance Code, *Credit Insurance General Agents Association v. Payne*, 16 Cal.3d 651 (1976), and 20th Century v. Garamendi, 8 Cal.4th 216 (1994). Reference: Sections 779.36, 1861.01, and 1861.05 of the California Insurance Code.

State of California
Department of Insurance

NOTE:
Report each experience group on a separate line.
"Experience group" means the experience under a program of insurance of one creditor or more than one creditor. A Credit Property experience group is broken down into Open End or Closed End.
Appropriate segments should add to amounts reported in the annual statement Credit Insurance Experience Exhibit. Please do not leave any numeric cells blank.

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State of California - Department of Insurance

CREDIT PROPERTY INSURANCE EXPERIENCE REPORT for the Year: 2000

Instructions for completing each column

Column ID	Description	Data Year	Acceptable Entries
[1]	Case Count		Starting with 1 and numbering consecutively.
[2]	NAIC Code		Enter 5 digit NAIC number in each row (line).
[3]	Creditor Name and/or Number or Program		Any text entry.
[4]	Type of Premium Payment		SP for Single Premium, MOB for Monthly Outstanding Balance.
[5]	Open-End or Closed-End Plan of Indebtedness		Open for Open-End, Closed for Closed-End Plan of Indebtedness.
[6]	Single or Dual Interest		Single for Single Interest, Dual for Dual Interest.
[7]	Benchmark Policy Number		Numeric entry.
[8]	Gross Written Premium	2000	Numeric entry.
[9]	Refunds on Terminations	2000	Numeric entry.
[10]	Net Written Premium	2000	Calculated Field. (8) - (9)
[11]	Premium Reserve, Start of Period	2000	Numeric entry. May prorate if necessary.
[12]	Premium Reserve, End of Period	2000	Numeric entry. May prorate if necessary.
[13]	Actual Earned Premium	2000	Calculated Field. (10) + (11) - (12)
[14]	Earned Premium at Prima Facie Rate Level	2000	Numeric entry.
[15]	Earned Premium at Current Rate Level	2000	Numeric entry.
[16]	Losses Paid	2000	Numeric entry.
[17]	Unreported Loss Reserve, Start of Period	2000	Numeric entry. May prorate if necessary.
[18]	Unreported Loss Reserve, End of Period	2000	Numeric entry. May prorate if necessary.
[19]	Loss Reserve, Start of Period	2000	Numeric entry. May prorate if necessary.
[20]	Loss Reserve, End of Period	2000	Numeric entry. May prorate if necessary.
[21]	Incurred Losses	2000	Calculated Field. (16) - (17) + (18) - (19) + (20)
[22]	Actual Loss Ratio	2000	Calculated Field. (21) / (13) 99.9% rounded
[23]	Loss Ratio at Prima Facie Rate Level	2000	Calculated Field. (21) / (14) 99.9% rounded
[24]	Loss Ratio at Current Rate Level	2000	Calculated Field. (21) / (15) 99.9% rounded
[25]	Gross Written Premium	1999	Numeric entry.
[26]	Refunds on Terminations	1999	Numeric entry.
[27]	Net Written Premium	1999	Calculated Field. (25) - (26)
[28]	Premium Reserve, Start of Period	1999	Numeric entry. May prorate if necessary.
[29]	Premium Reserve, End of Period	1999	Numeric entry. May prorate if necessary.
[30]	Actual Earned Premium	1999	Calculated Field. (27) + (28) - (29)
[31]	Earned Premium at Prima Facie Rate Level	1999	Numeric entry.
[32]	Earned Premium at Current Rate Level	1999	Numeric entry.
[33]	Losses Paid	1999	Numeric entry.
[34]	Unreported Loss Reserve, Start of Period	1999	Numeric entry. May prorate if necessary.
[35]	Unreported Loss Reserve, End of Period	1999	Numeric entry. May prorate if necessary.
[36]	Loss Reserve, Start of Period	1999	Numeric entry. May prorate if necessary.
[37]	Loss Reserve, End of Period	1999	Numeric entry. May prorate if necessary.

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CREDIT PROPERTY INSURANCE EXPERIENCE REPORT for the Year: 2000

Instructions for completing each column

Column ID	Description	Data Year	Acceptable Entries
[38]	Incurred Losses	1999	Calculated Field. (33) - (34) + (35) - (36) + (37)
[39]	Actual Loss Ratio	1999	Calculated Field. (38) / (30) 99.9% rounded
[40]	Loss Ratio at Prima Facie Rate Level	1999	Calculated Field. (38) / (31) 99.9% rounded
[41]	Loss Ratio at Current Rate Level	1999	Calculated Field. (38) / (32) 99.9% rounded
[42]	Gross Written Premium	1998	Numeric entry.
[43]	Refunds on Terminations	1998	Numeric entry.
[44]	Net Written Premium	1998	Calculated Field. (42) - (43)
[45]	Premium Reserve, Start of Period	1998	Numeric entry. May prorate if necessary.
[46]	Premium Reserve, End of Period	1998	Numeric entry. May prorate if necessary.
[47]	Actual Earned Premium	1998	Calculated Field. (44) + (45) - (46)
[48]	Earned Premium at Prima Facie Rate Level	1998	Numeric entry.
[49]	Earned Premium at Current Rate Level	1998	Numeric entry.
[50]	Losses Paid	1998	Numeric entry.
[51]	Unreported Loss Reserve, Start of Period	1998	Numeric entry. May prorate if necessary.
[52]	Unreported Loss Reserve, End of Period	1998	Numeric entry. May prorate if necessary.
[53]	Loss Reserve, Start of Period	1998	Numeric entry. May prorate if necessary.
[54]	Loss Reserve, End of Period	1998	Numeric entry. May prorate if necessary.
[55]	Incurred Losses	1998	Calculated Field. (50) - (51) + (52) - (53) + (54)
[56]	Actual Loss Ratio	1998	Calculated Field. (55) / (47) 99.9% rounded
[57]	Loss Ratio at Prima Facie Rate Level	1998	Calculated Field. (55) / (48) 99.9% rounded
[58]	Loss Ratio at Current Rate Level	1998	Calculated Field. (55) / (49) 99.9% rounded
[59]	Gross Written Premium	1998-00 Total	Calculated Field. (8) + (25) + (42)
[60]	Refunds on Terminations	1998-00 Total	Calculated Field. (9) + (26) + (43)
[61]	Net Written Premium	1998-00 Total	Calculated Field. (59) - (60)
[62]	Premium Reserve, Start of Period	1998-00 Total	Calculated Field. (11) + (28) + (45)
[63]	Premium Reserve, End of Period	1998-00 Total	Calculated Field. (12) + (29) + (46)
[64]	Actual Earned Premium	1998-00 Total	Calculated Field. (61) + (62) - (63)
[65]	Earned Premium at Prima Facie Rate Level	1998-00 Total	Calculated Field. (14) + (31) + (48)
[66]	Earned Premium at Current Rate Level	1998-00 Total	Calculated Field. (15) + (32) + (49)
[67]	Losses Paid	1998-00 Total	Calculated Field. (16) + (33) + (50)
[68]	Unreported Loss Reserve, Start of Period	1998-00 Total	Calculated Field. (17) + (34) + (51)
[69]	Unreported Loss Reserve, End of Period	1998-00 Total	Calculated Field. (18) + (35) + (52)
[70]	Loss Reserve, Start of Period	1998-00 Total	Calculated Field. (19) + (36) + (53)
[71]	Loss Reserve, End of Period	1998-00 Total	Calculated Field. (20) + (37) + (54)
[72]	Incurred Losses	1998-00 Total	Calculated Field. (67) - (68) + (69) - (70) + (71)
[73]	Actual Loss Ratio	1998-00 Total	Calculated Field. (72) / (64) 99.9% rounded
[74]	Loss Ratio at Prima Facie Rate Level	1998-00 Total	Calculated Field. (72) / (65) 99.9% rounded

CREDIT PROPERTY INSURANCE EXPERIENCE REPORT for the Year: 2000

Instructions for completing each column

Column ID	Description	Data Year	Acceptable Entries
[75]	Loss Ratio at Current Rate Level	1998-00 Total	<i>Calculated Field. (72) / (66) 99.9% rounded</i>
[76]	Incurred Compensation: Commission & Service Fees	2000	Numeric Entry.
[77]	Incurred Compensation: Other Incurred Compensation	2000	Numeric Entry.
[78]	Total Incurred Compensation	2000	<i>Calculated Field. (76) + (77)</i>
[79]	Commission & Service Fees to Net Premium Ratio	2000	<i>Calculated Field. (76) / (10) 99.9% rounded</i>
[80]	Other Incurred Compensation to Actual Earned Premium	2000	<i>Calculated Field. (77) / (13) 99.9% rounded</i>

NOTE: Authority cited: Sections 779.21, 779.36, 12921, and 12926 of the California Insurance Code, Credit Insurance General Agents Association v. Payne, 16 Cal.3d 651 (1976), and 20th Century v. Garamendi, 8 Cal.4th 216 (1994). Reference: Sections 779.36, 1861.01, and 1861.05 of the California Insurance Code.

Section 2670.27. Credit Unemployment Insurance Experience Report Form.

State of California
Department of Insurance

CREDIT UNEMPLOYMENT INSURANCE EXPERIENCE REPORT for the Year 2000

Report each experience group on a separate line.

"Experience group" means the experience under a program of insurance of one creditor or more than one creditor.

A Credit Unemployment experience group is broken down into Open End or Closed End, Retroactive or Nonretroactive.

Appropriate segments should add to amounts reported in the annual statement Credit Insurance Experience Exhibit. Please do not leave any numeric cells blank.

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[illegible]

[illegible]

[illegible]

[illegible]

State of California - Department of Insurance

CREDIT UNEMPLOYMENT INSURANCE EXPERIENCE REPORT for the Year: 2000

Instructions for completing each column

Col. ID	Description	Data Year	Acceptable Entries
[1]	Case Count		Starting with 1 and numbering consecutively.
[2]	NAIC Code		Enter 5 digit NAIC number in each row (line).
[3]	Creditor Name and/or Number or Program		Any text entry.
[4]	Retroactive or Nonretroactive		R for Retroactive, N for Nonretroactive
[5]	Type of Premium Payment		SP for Single Premium, MOB for Monthly Outstanding Balance.
[6]	Open-End or Closed-End Plan of Indebtedness		Open for Open-End, Closed for Closed-End Plan of Indebtedness.
[7]	Benchmark Policy Number		Numeric entry.
[8]	Gross Written Premium	2000	Numeric entry.
[9]	Refunds on Terminations	2000	Numeric entry.
[10]	Net Written Premium	2000	Calculated Field. (8) - (9)
[11]	Premium Reserve, Start of Period	2000	Numeric entry. May prorate if necessary.
[12]	Premium Reserve, End of Period	2000	Numeric entry. May prorate if necessary.
[13]	Actual Earned Premium	2000	Calculated Field. (10) + (11) - (12)
[14]	Earned Premium at Prima Facie Rate Level	2000	Numeric entry.
[15]	Earned Premium at Current Rate Level	2000	Numeric entry.
[16]	Losses Paid	2000	Numeric entry.
[17]	Unreported Loss Reserve, Start of Period	2000	Numeric entry. May prorate if necessary.
[18]	Unreported Loss Reserve, End of Period	2000	Numeric entry. May prorate if necessary.
[19]	Loss Reserve, Start of Period	2000	Numeric entry. May prorate if necessary.
[20]	Loss Reserve, End of Period	2000	Numeric entry. May prorate if necessary.
[21]	Incurred Losses	2000	Calculated Field. (16) - (17) + (18) - (19) + (20)
[22]	Actual Loss Ratio	2000	Calculated Field. (21) / (13) 99.9% rounded
[23]	Loss Ratio at Prima Facie Rate Level	2000	Calculated Field. (21) / (14) 99.9% rounded
[24]	Loss Ratio at Current Rate Level	2000	Calculated Field. (21) / (15) 99.9% rounded
[25]	Gross Written Premium	1999	Numeric entry.
[26]	Refunds on Terminations	1999	Numeric entry.
[27]	Net Written Premium	1999	Calculated Field. (25) - (26)
[28]	Premium Reserve, Start of Period	1999	Numeric entry. May prorate if necessary.
[29]	Premium Reserve, End of Period	1999	Numeric entry. May prorate if necessary.
[30]	Actual Earned Premium	1999	Calculated Field. (27) + (28) - (29)
[31]	Earned Premium at Prima Facie Rate Level	1999	Numeric entry.
[32]	Earned Premium at Current Rate Level	1999	Numeric entry.
[33]	Losses Paid	1999	Numeric entry.
[34]	Unreported Loss Reserve, Start of Period	1999	Numeric entry. May prorate if necessary.
[35]	Unreported Loss Reserve, End of Period	1999	Numeric entry. May prorate if necessary.

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Instructions for completing each column

Col. ID	Description	Data Year	Acceptable Entries
[36]	Loss Reserve, Start of Period	1999	Numeric entry. May prorate if necessary.
[37]	Loss Reserve, End of Period	1999	Numeric entry. May prorate if necessary.
[38]	Incurred Losses	1999	Calculated Field. (33) - (34) + (35) - (36) + (37)
[39]	Actual Loss Ratio	1999	Calculated Field. (38) / (30) 99.9% rounded
[40]	Loss Ratio at Prima Facie Rate Level	1999	Calculated Field. (38) / (31) 99.9% rounded
[41]	Loss Ratio at Current Rate Level	1999	Calculated Field. (38) / (32) 99.9% rounded
[42]	Gross Written Premium	1998	Numeric entry.
[43]	Refunds on Terminations	1998	Numeric entry.
[44]	Net Written Premium	1998	Calculated Field. (42) - (43)
[45]	Premium Reserve, Start of Period	1998	Numeric entry. May prorate if necessary.
[46]	Premium Reserve, End of Period	1998	Numeric entry. May prorate if necessary.
[47]	Actual Earned Premium	1998	Calculated Field. (44) + (45) - (46)
[48]	Earned Premium at Prima Facie Rate Level	1998	Numeric entry.
[49]	Earned Premium at Current Rate Level	1998	Numeric entry.
[50]	Losses Paid	1998	Numeric entry.
[51]	Unreported Loss Reserve, Start of Period	1998	Numeric entry. May prorate if necessary.
[52]	Unreported Loss Reserve, End of Period	1998	Numeric entry. May prorate if necessary.
[53]	Loss Reserve, Start of Period	1998	Numeric entry. May prorate if necessary.
[54]	Loss Reserve, End of Period	1998	Numeric entry. May prorate if necessary.
[55]	Incurred Losses	1998	Calculated Field. (50) - (51) + (52) - (53) + (54)
[56]	Actual Loss Ratio	1998	Calculated Field. (55) / (47) 99.9% rounded
[57]	Loss Ratio at Prima Facie Rate Level	1998	Calculated Field. (55) / (48) 99.9% rounded
[58]	Loss Ratio at Current Rate Level	1998	Calculated Field. (55) / (49) 99.9% rounded
[59]	Gross Written Premium	1998-00 Total	Calculated Field. (8) + (25) + (42)
[60]	Refunds on Terminations	1998-00 Total	Calculated Field. (9) + (26) + (43)
[61]	Net Written Premium	1998-00 Total	Calculated Field. (59) - (60)
[62]	Premium Reserve, Start of Period	1998-00 Total	Calculated Field. (11) + (28) + (45)
[63]	Premium Reserve, End of Period	1998-00 Total	Calculated Field. (12) + (29) + (46)
[64]	Actual Earned Premium	1998-00 Total	Calculated Field. (61) + (62) - (63)
[65]	Earned Premium at Prima Facie Rate Level	1998-00 Total	Calculated Field. (14) + (31) + (48)
[66]	Earned Premium at Current Rate Level	1998-00 Total	Calculated Field. (15) + (32) + (49)
[67]	Losses Paid	1998-00 Total	Calculated Field. (16) + (33) + (50)
[68]	Unreported Loss Reserve, Start of Period	1998-00 Total	Calculated Field. (17) + (34) + (51)
[69]	Unreported Loss Reserve, End of Period	1998-00 Total	Calculated Field. (18) + (35) + (52)
[70]	Loss Reserve, Start of Period	1998-00 Total	Calculated Field. (19) + (36) + (53)

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CREDIT UNEMPLOYMENT INSURANCE EXPERIENCE REPORT for the Year: 2000

Instructions for completing each column

Col. ID	Description	Data Year	Acceptable Entries
[71]	Loss Reserve, End of Period	1998-00 Total	Calculated Field. (20) + (37) + (54)
[72]	Incurred Losses	1998-00 Total	Calculated Field. (67) - (68) + (69) - (70) + (71)
[73]	Actual Loss Ratio	1998-00 Total	Calculated Field. (72) / (64) 99.9% rounded
[74]	Loss Ratio at Prima Facie Rate Level	1998-00 Total	Calculated Field. (72) / (65) 99.9% rounded
[75]	Loss Ratio at Current Rate Level	1998-00 Total	Calculated Field. (72) / (66) 99.9% rounded
[76]	Incurred Compensation: Commission & Service Fee	2000	Numeric Entry.
[77]	Incurred Compensation: Other Incurred Compensat	2000	Numeric Entry.
[78]	Total Incurred Compensation	2000	Calculated Field. (76) + (77)
[79]	Commission & Service Fees to Net Premium Ratio	2000	Calculated Field. (76) / (10) 99.9% rounded
[80]	Other Incurred Compensation to Actual Earned Premium	2000	Calculated Field. (77) / (13) 99.9% rounded

NOTE: Authority cited: Sections 779.21, 779.36, 12921, and 12926 of the California Insurance Code, *Credit Insurance General Agents Association v. Payne*, 16 Cal.3d 651 (1976), and 20th Century v. Garamendi, 8 Cal.4th 216 (1994). Reference: Sections 779.36, 1861.01, and 1861.05 of the California Insurance Code.